

Bountiful Law, PLLC
4620 200th Street SW, Ste D
Lynnwood, WA 98036
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF WASHINGTON

In re:

Chapter 11

V.S. INVESTMENT ASSOC., LLC,

NO. **20-11541**

Debtor(s).

DECLARATION OF
VALENTIN STELMAKH

I, Valentin Stelmakh, declare:

1. I am a member of V.S. Investment Assoc., LLC, “V.S. Investment”) a Washington limited liability company. I am over the age of 18 years and am competent to testify herein. I am authorized to make this declaration and do so from my own personal knowledge.

2. V.S. Investment owns real property commonly known as 2463, 2465, 2467, and 2469 S College Street, Seattle, WA 98144 (“College Street Properties”) This property is a four unit real estate development project completed on or around January 2020.

3. All four units of the project are encumbered by the following liens in order of priority:

Creditor	Recording Date	Approx Amount Due
BRMK Lending, LLC	4/21/2016	\$4,236,395.95
Paul Greben	1/16/2020	\$ 598,500.00
	1/21/2020 amended	

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1 Ecocline Exc. & Utilities LLC 1/30/2020 \$ 137,205.00
2 The amount listed for BRMK Lending, LLC is based on the creditor's proof of claim filed in this
3 case. V.S. Investment disagrees with this amount and intends to object to the proof of claim.

4 4. V.S. Investments also owns a undeveloped property commonly known as 319 75th
5 Street, Everett, WA 98203 ("75th Street Property"). The property is currently encumbered by liens
6 in the following priority and amount:

Creditor	Recording Date	Approx Amount Due
8 Cyan Funding LLC	7/30/2019	\$ 925,000.00
9 Sandler Architects LLC	10/16/2019	\$ 10,000.00 est.

10
11 5. V.S. Investment purchased the College Street Properties from Barcelo Homes Inc.
12 ("Barcelo") in 2016. PBRELF I, LLC ("PBRELF") was the first position deed of trust holder on
13 the property at that time. PBRELF was the party that I primarily worked with to purchase the
14 property.

15 6. PBRELF advertise the property as a permit ready "turnkey" development project.
16 Representatives from PBRELF told me that the project could be completed within a year. These
17 were two of the reasons we decided to move forward with the purchase.
18

19 7. PBRELF agreed to provide V.S. Investments with necessary funding to complete
20 the project and extended a loan for \$1,880,000.00 secured by a deed of trust on the College Street
21 Properties and a deed of trust on my personal residence located at 4415 Priest Point Drive
22 Northwest, Marysville, WA 98271 (the "Priest Point Property").

23 8. To get the funding approved, PBRELF told me to transfer my personal residence
24 to a separate legal entity. They also required a personal guarantee from me and my wife. I created
25

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1 V.S. Developing, LLC with my wife and another person and transferred my personal residence by
2 quit claim deed before signing the deed of trust with PBRELF.

3 9. After purchasing the College Street Properties, the City of Seattle informed me
4 additional permits were required to get the project approved. As a result, I was unable to finish
5 the project within the time advertised by PBRELF. VS Investment incurred significant
6 unexpected costs as a result.
7

8 10. The College Street Properties were nearly completed September 2019. PBRELF's
9 successor BRMK Lending, LLC, began pressuring me to sell the properties. We began listing the
10 properties for sale October 2019

11 11. We receive offers for each unit, but believed they were for less than market value.
12 After being pressured to accept and assured by BRMK that they would accept that amount of the
13 offers as satisfaction of its lien, we accepted the offers.
14

15 12. January 2020 we obtained certificates of occupancy for the College Street
16 Properties. Shortly after, Stephanie Jenkins, Asset Manager for BRMK, approached us to discuss
17 BRMK's plan to put V.S. Investment into a receivership so it could cancel the contracts and relist
18 the properties for a higher price.

19 13. We requested additional time so we could obtain counsel for the company, but
20 Mrs. Jenkins assured us we did not need counsel. We were told they would not sell the Priest
21 Point Property in the receivership, and that the whole process would be simple.
22

23 14. In March 2020, the receiver listed the Priest Point Property for sale and entered
24 into a contract with Alpine Homes LLC to purchase both the Priest Point Property and the
25 College Street Properties for \$3,352,000.00, which I believed was less than market value.
26

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1 15. When that fell through, in May 2020 the receiver accepted an offer to sell the
2 College Street Properties for \$2,850,000.00 and the Priest Point Property for \$550,000.00.

3 16. A market analysis that I received from Shawn Perry shows the Priest Point
4 Property value at \$1,050,000.00. (Exhibit A). Mr. Perry estimated the market value of the College
5 Street Properties at \$3,600,000.00 and listed them on MLS for that combined price.
6

7 17. On May 29, 2020 we filed this bankruptcy to stop the receiver from selling the
8 assets of V.S. Investment and our primary residence for less than market value.

9 18. Since filing, we have hired Shawn Perry as real estate agent of the bankruptcy
10 estate who has staged and listed the College Street Properties on MLS June 2, 2020. A 3D
11 rendering of the listing can be seen at: <https://my.matterport.com/show/?m=CL98eEZMfFG>.
12

13 19. On June 3, 2020 we received an offer on 2469 S. College Street for \$1,025,000.00.
14 We also have several interested buyers and expect offers on the other units in the coming weeks.

15 20. The 75th Street Property is permitted to build ten 3-4 bedroom townhomes. Level
16 Capital, LLC, successor to Cyan Funding, LLC, has agreed to provide approximately a
17 \$2,400,000.00 loan to finance the project. Based on comparables, we believe each townhome can
18 be sold for at least \$585,000.00. We estimate the project will take 12-18 months to complete.
19

20 I certify under penalty of perjury according to the laws of the United States of America the
21 foregoing is true and correct to the best of my knowledge.

22 Dated this 9th day of July, 2020

23 By: /s/ Valentin Stelmakh
24 Valentin Stelmakh, Member
25 V.S. Investment Assoc., LLC

26 Declaration

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EXHIBIT A

July 9, 2020

RE: 4415 Priest Point Dr NW, Marysville

Valentin Stelmakh
Victoria Stelmakh
4415 Priest Point Dr NW
Marysville, WA 98271

To Whom It May Concern,

Thank you for your request for a Comparative Market Analysis for your property at the above address. The following is a report detailing my expert opinion of what your house will sell for in today's new marketplace. I have enclosed reports on comparable homes that are currently on the market as well as ones that have sold within the last 6 months.

The following parameters were used when creating this report:

Stelmakh House

- 3+ Bedroom (The rooms in this house are very large with two walk in closets.)
- 2 full bath and (2) 1/2 baths
- 5,053 Square Foot House (As per Snohomish County Records)
 - 2,579 Sq Foot basement. (currently unfinished)
- 43,560 Square Foot Lot (As per Snohomish County Records)
- Built in 2015
- 3 Car Garage

Comparable Home Search Parameters

- Within a 2 mile Radius of the subject property
- 4000+ Square foot house
- Non-waterfront
- 2.5+ Bath
- No parameter set for Lot size
- Resale houses (No New Construction)
- Active listings, or Sold within the last 12 months

This search revealed a total of 18 houses, three of which were removed from this study as non-comparable properties due to them having very large shop/garages, or other significant amenities. Of the remaining fifteen properties, the following was noted:

There are currently 5 homes on the market meeting the above criteria, and 10 similar homes have sold in the last 12 months. (See attached form "4415 Priest Point Comparables") Though this size home is not common, there is an entire neighborhood of large homes just to the north that provide plenty of support for this market. Homes in this area, and of this size, sell for an average of \$193 per square foot. (See attached form titled "CMA.") The closest comparable to the subject property is:

13700 2nd Ave NE Tulalip, 98172

- 5053 Sq Ft
- 4bd, 3.5bath
- Built in 1993
- Also on a nice hillside lot with a territorial view
- Listed at \$965,000

In addition to the finished square footage, the Stelmakh house has an unfinished 2,579 square foot basement area as well as 9' ceilings in the attic that can be turned into finished space as well. This potential uses for these spaces adds somewhat to the value of the home. Experience shows that appraisers tend to give a value to spaces like these at roughly ½ the value of the finished space. In this case, though I think these spaces add value, there are no comparable sales in the area to support an additional \$125,000 to \$175,000 because of these spaces. Rather, it is my opinion that these spaces add an additional \$75,000, unless they were finished.

In general, despite the effects of COVID-19, today's market is a strong Sellers market. Properly priced properties are snapped up by Buyers rather quickly due to a lack of housing inventory for sale. There is definitely a market for a home this size and the area it is located in is beautiful and attractive. The large unfinished spaces and large lot provide lots of opportunity for a Buyer to create a homestead exactly as they want. With this potential, it is my professional opinion that this house has a value of \$1,050,000 in today's market.

Please feel free to call me with any questions or concerns, directly at 425-772-6172.

Best Wishes,



Shawn Perry – Professional Real Estate Consultant

Windermere Real Estate / North, Inc -- Shawn Perry, Real Estate Consultant

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